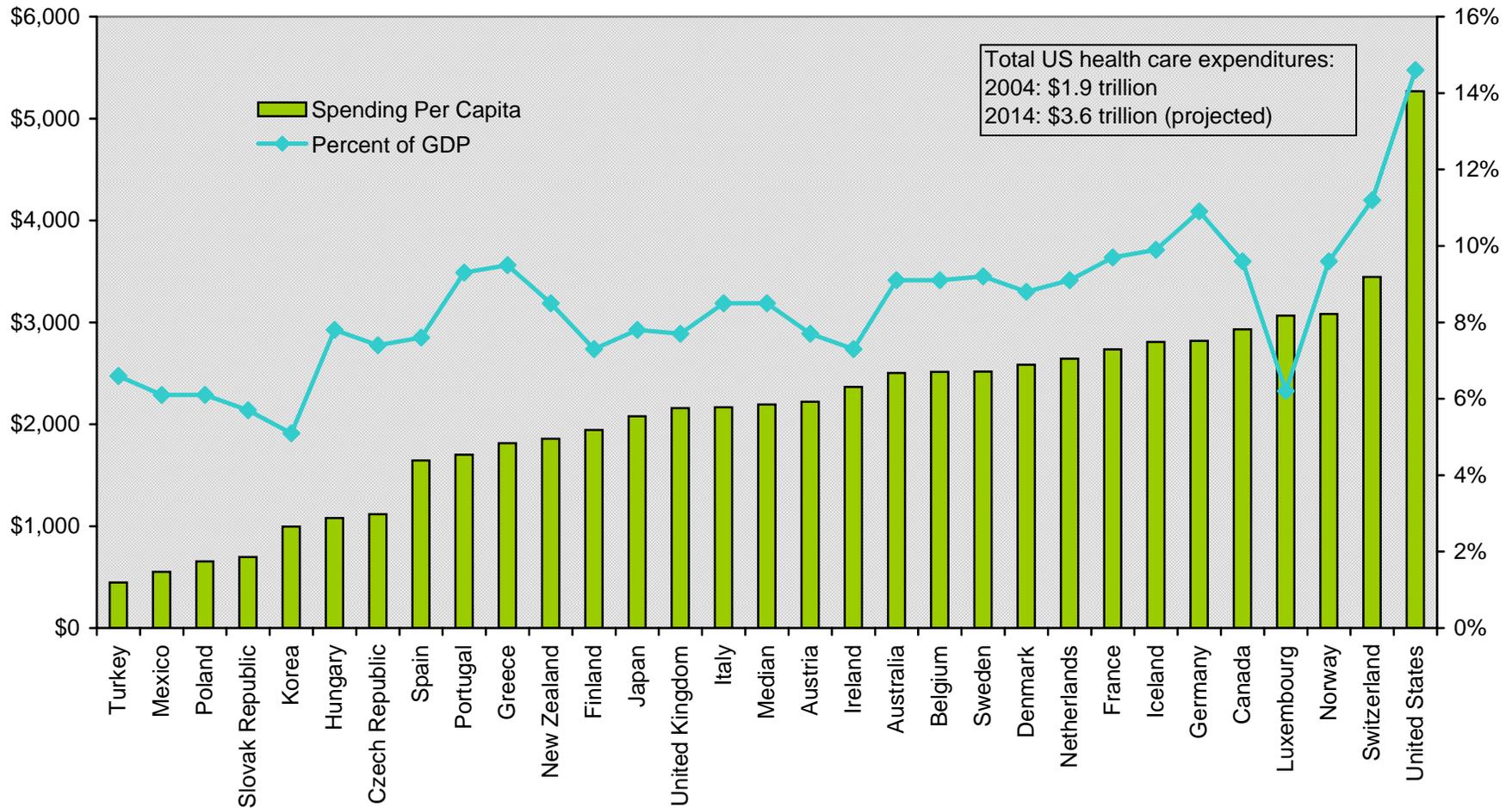


Background Information on Health Care System

Compiled by:
Blue Ribbon Commission on Health Care Staff Team
June 22, 2006

Costs

Health Expenditures by Country, 2004: Per Capita and as Percent of GDP

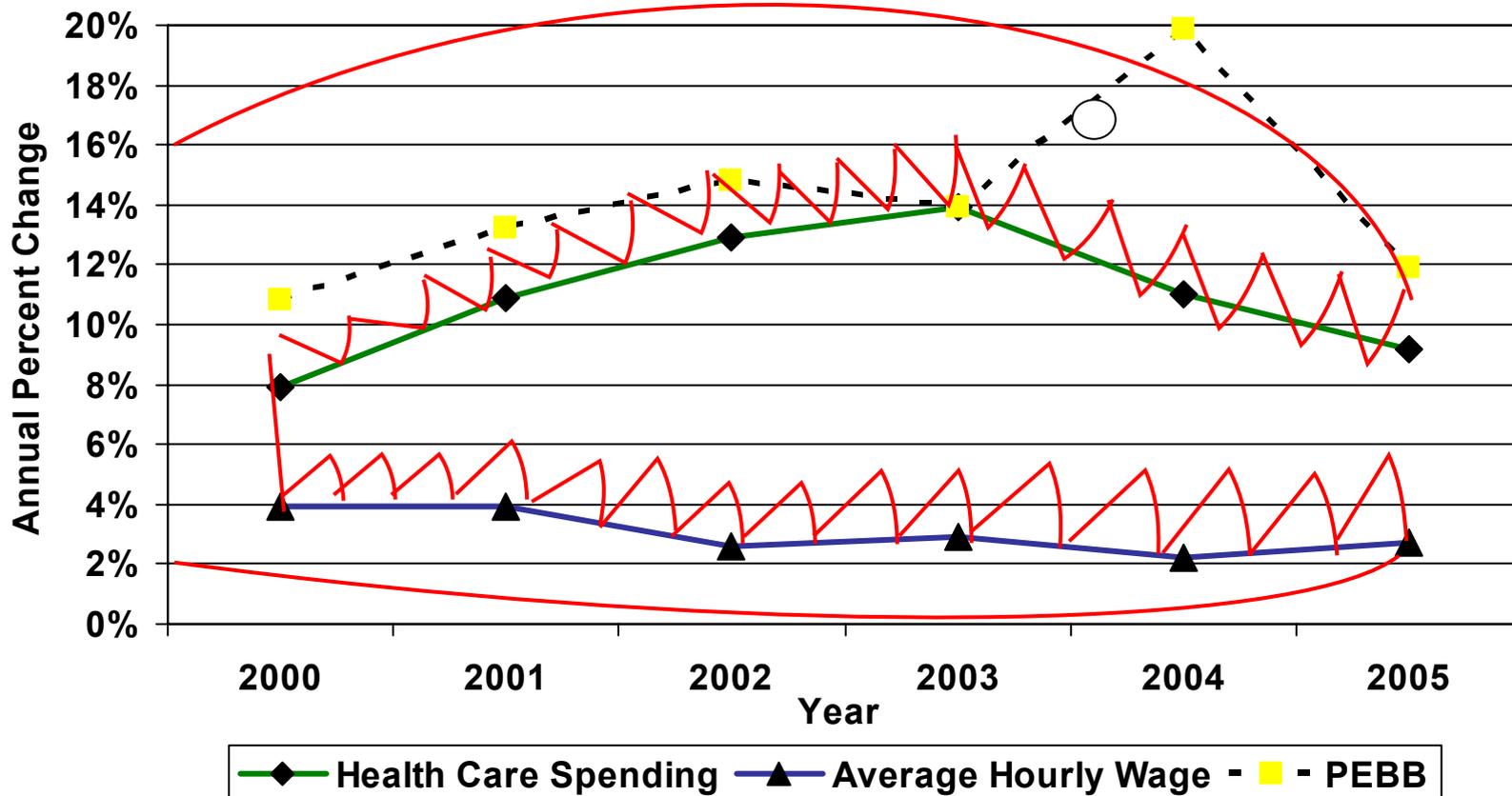


"Health Spending in the United States and the Rest of the Industrialized World," Gerard F. Anderson, et. al.; Health Affairs: July/August 2005; Volume 24, Number 4.

Meet the Shark

Outswim It or Spend >50% of Employee and Retiree Income on Health Care

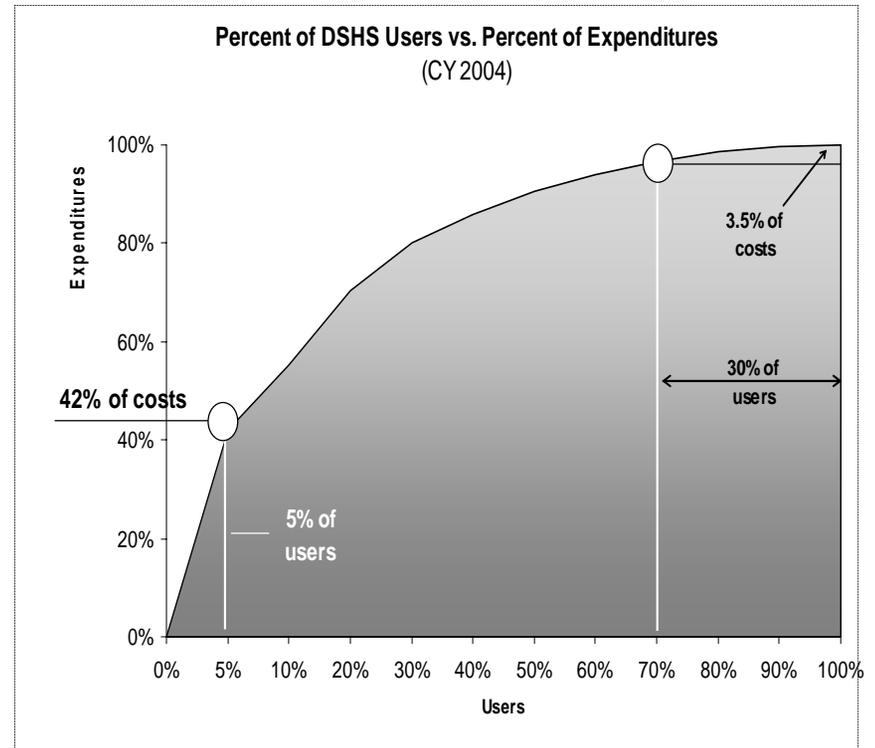
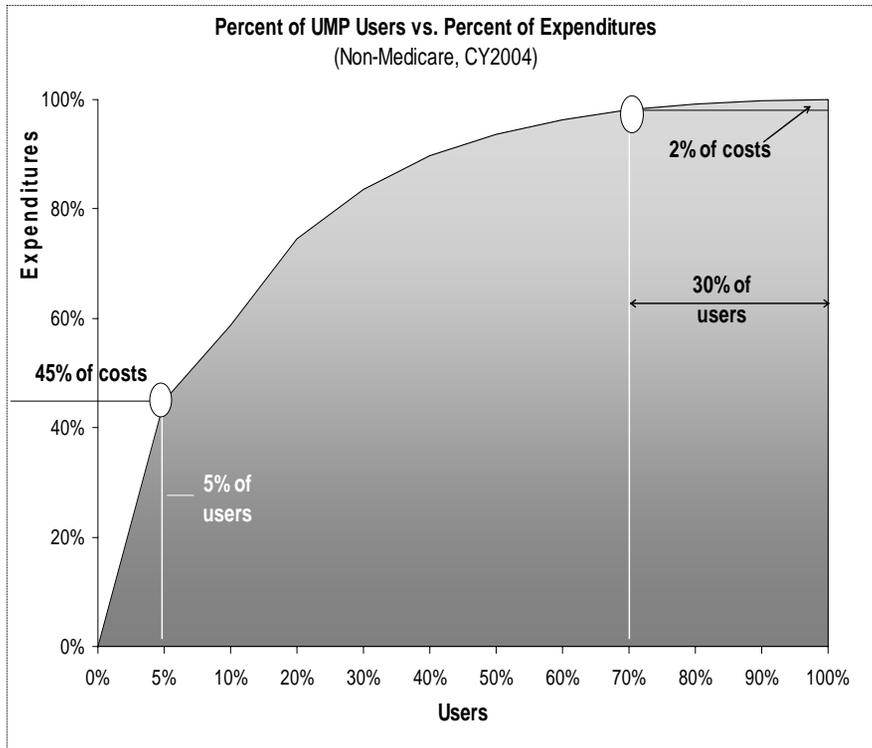
Annual Percent Changes per Capita in Health Care Expenditures and in Average Hourly Wages for Workers in All Industries, 2000 through 2005. Average annual incremental benefit = 44 days of good quality life.



Data from Kaiser Permanente/Health Research & Educational Trust 2005. Dental work by Dr. Milstein.

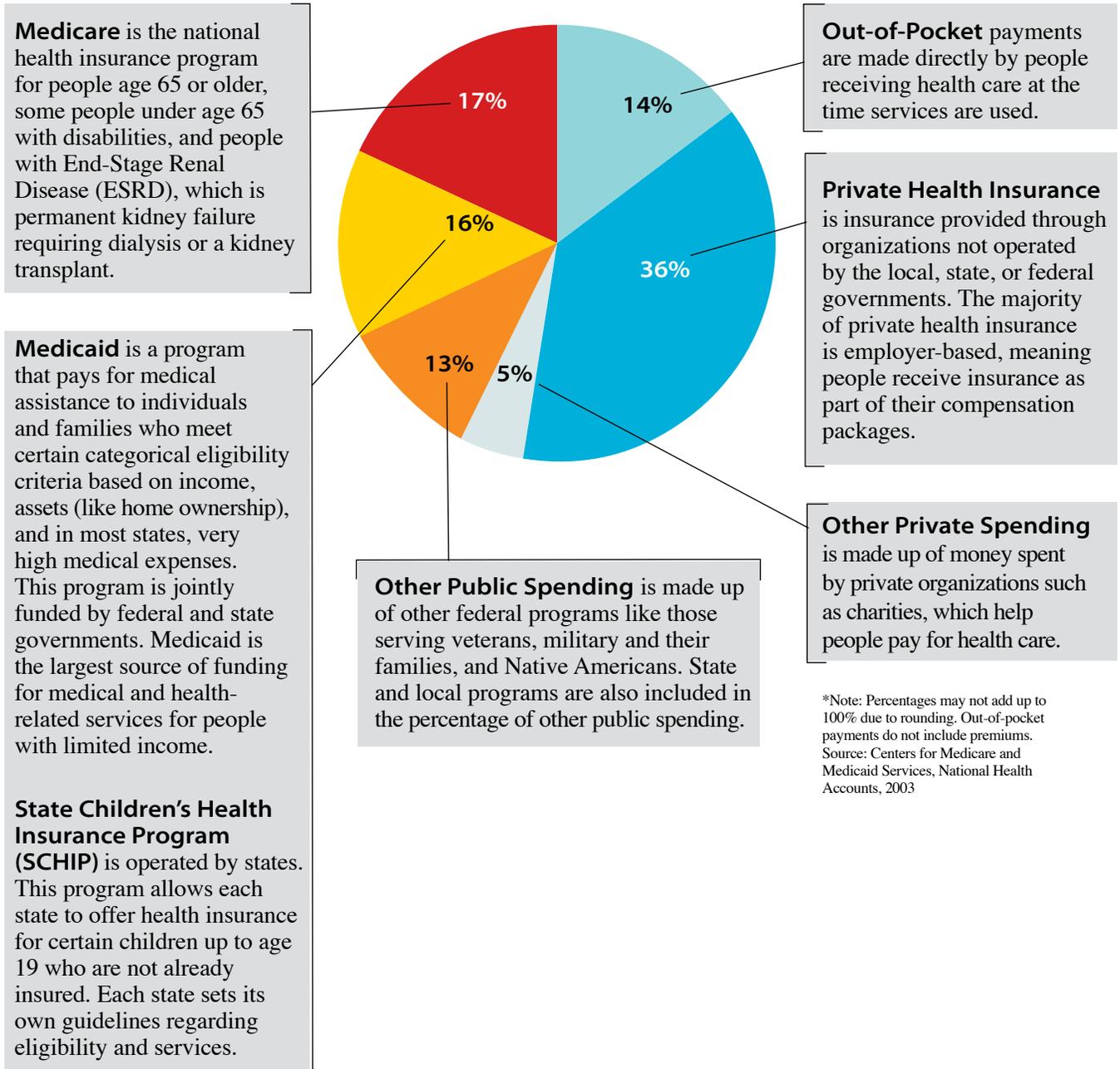
Why are we trying to better manage chronic disease?

- Top 5% of HCA UMP enrollees are responsible for 45% (\$153 million) of expenditures.
- Top 5% of DSHS Medicaid Fee-For-Service enrollees account for 42% (\$1.2 billion) of expenditures.

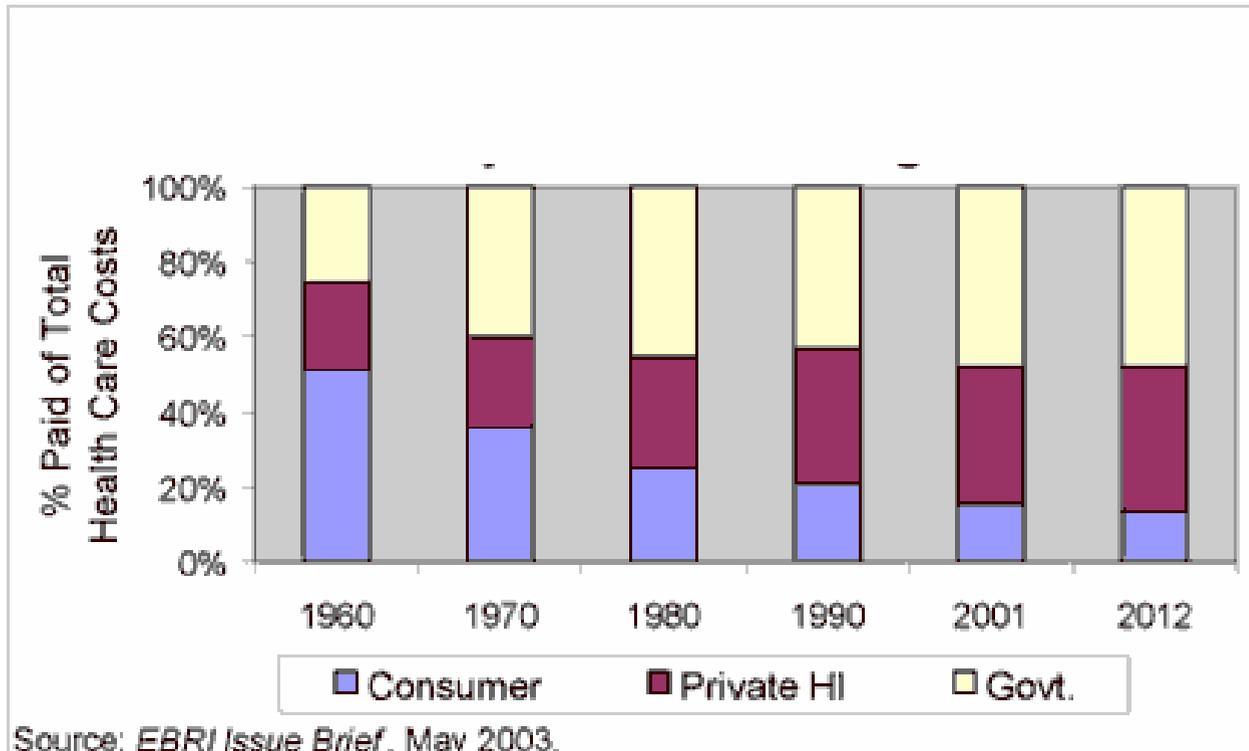


Data notes: Sources: 2004 Uniform Medical Plan claims. 2004 DSHS Medicaid Management Information System.

Figure 6:
Public and Private Sources Pay for Health Care, 2003

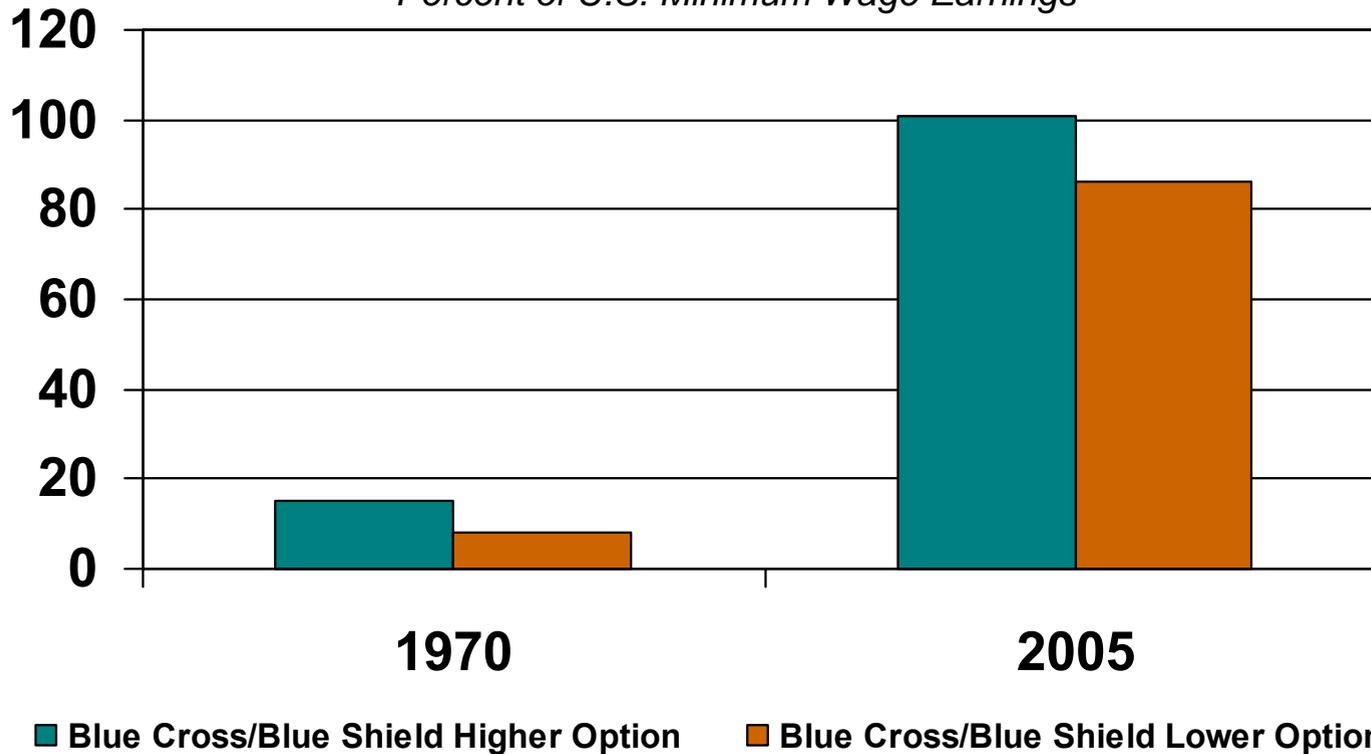


Employer and Government Share Is Increasing



Why Is Uninsurance/Underinsurance the Current Fate of Many Low Wage Workers and Their Employers?

Health Insurance Total Family Premium as a Percent of U.S. Minimum Wage Earnings



Source: U.S. Office of Personnel Management; U.S. General Accounting Office Staff Paper, "Information on 1976 Health Insurance Premium Rate Increases for Federal Employees Health Benefits Program," pub. #094882.

Note: Figures reflect monthly Federal Employees Health Benefits (FEHBP) total premiums for the government-wide Blue Cross/Blue Shield options for non-postal workers and minimum wage earnings for full time work of 173.33 hours per month (2080 hour per year/12) in California.

AFFORDABILITY

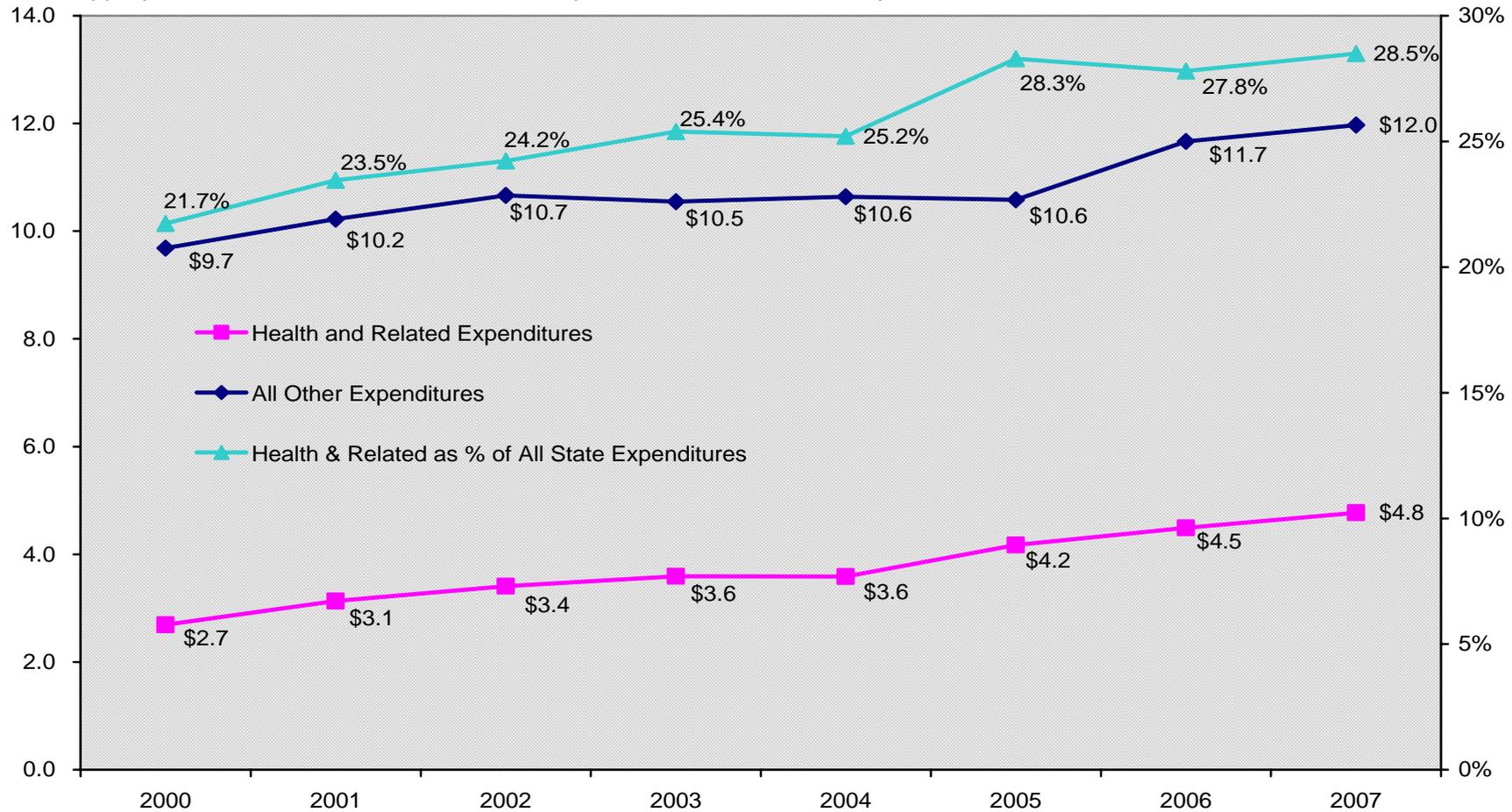
Minimum wages during this period has increased from \$1.45/hour to \$5.15/hour, a 3.6-fold increase.

Premiums have increased 24-38 times over 1970 levels. 1970 premiums were \$38.33 for high option family coverage and \$20.37 for low option family coverage. 2005 premiums are \$901.96 for higher option coverage and \$771.29 for the lower option plan.

Figures here reflect total premiums. Note that under the FEHBP program, employees pay a minimum of 25% of premium.

Health and Related Costs*

appropriated state dollars in billions and as percent of all state fund expenditures

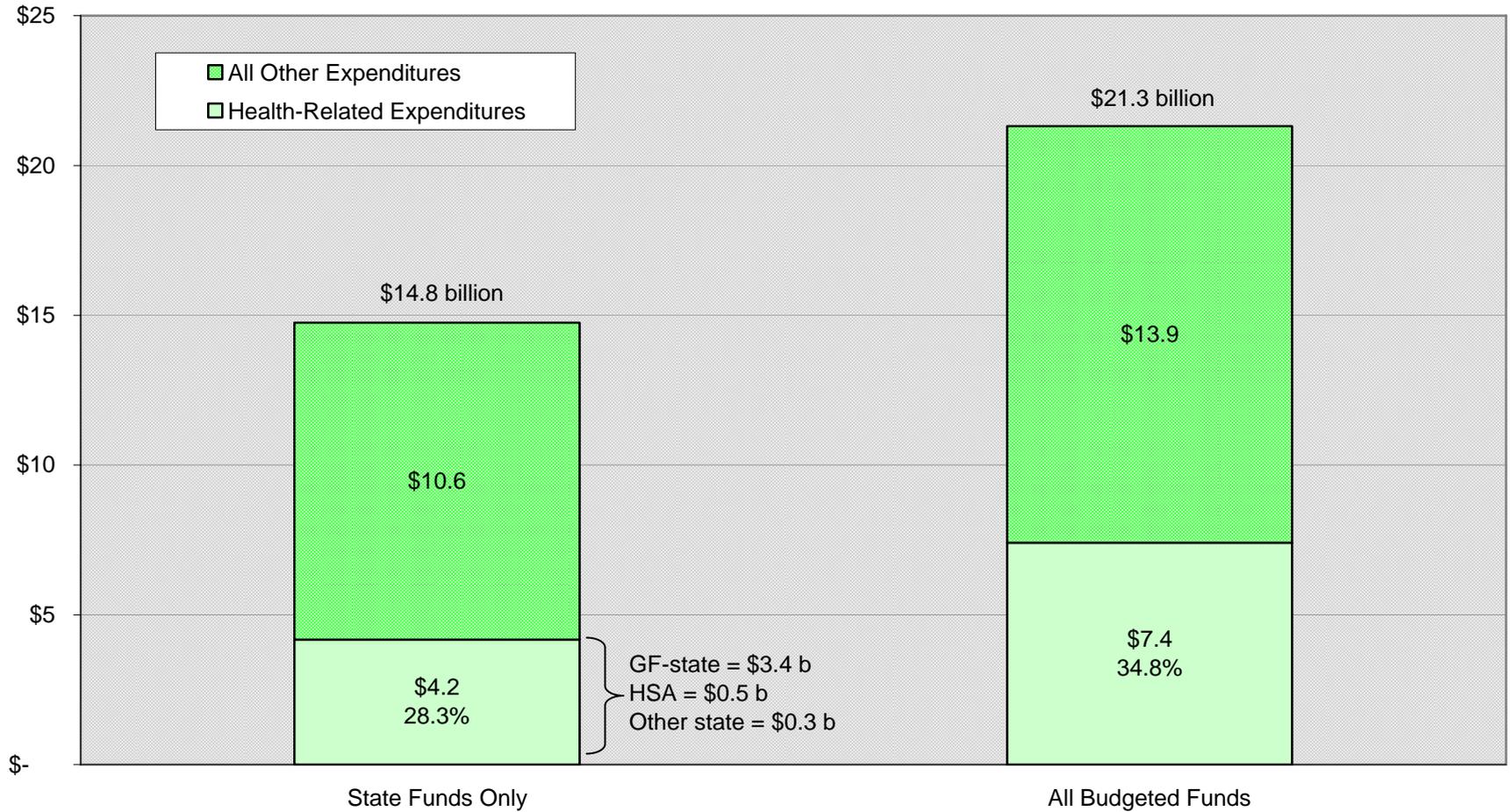


*Includes direct health costs such as Medicaid, Basic Health, public health; plus long-term, institutional, and behavioral health costs.

Source: State of Washington Office of Financial Management (July 2005)

State Health Costs

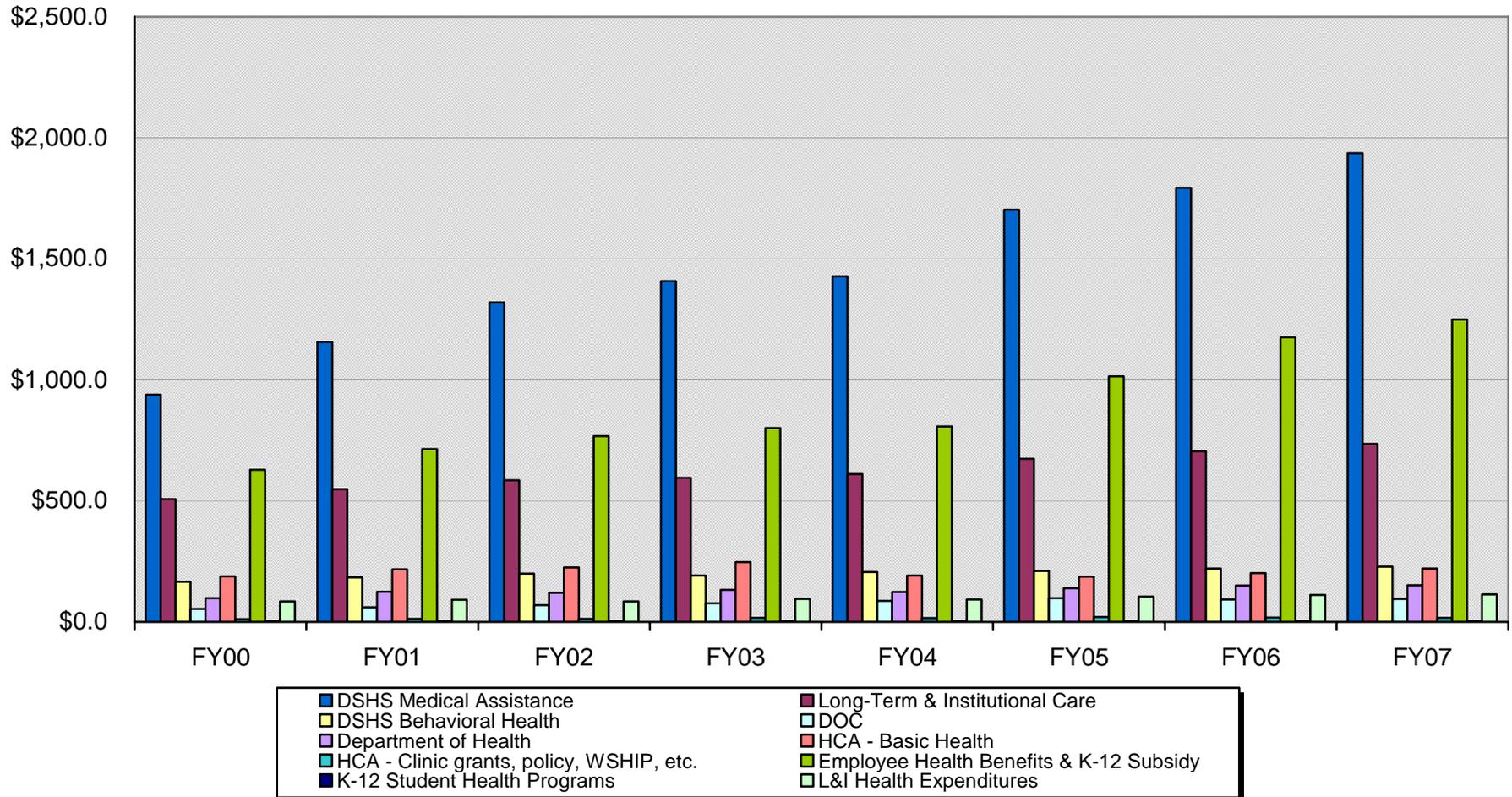
dollars in billions - includes direct health programs, public health, institutional care, and behavioral health



Source: State of Washington Office of Financial Management (July 2005)

Washington State Health Expenditures

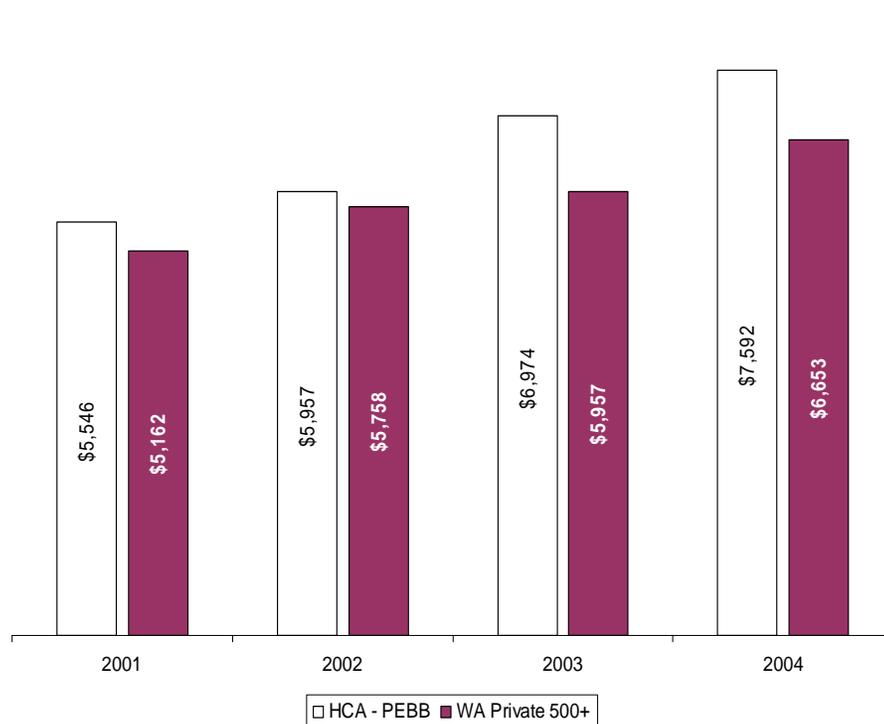
dollars in millions • appropriated state funds • actuals FY00-FY04, budget FY05-FY07



Source: State of Washington Office of Financial Management (July 2005)

Is WA State paying more than large WA private sector employers?

WA State Employee Health Benefit Cost Compared to WA Private Sector
(Per Employee Per Year)



Analysis

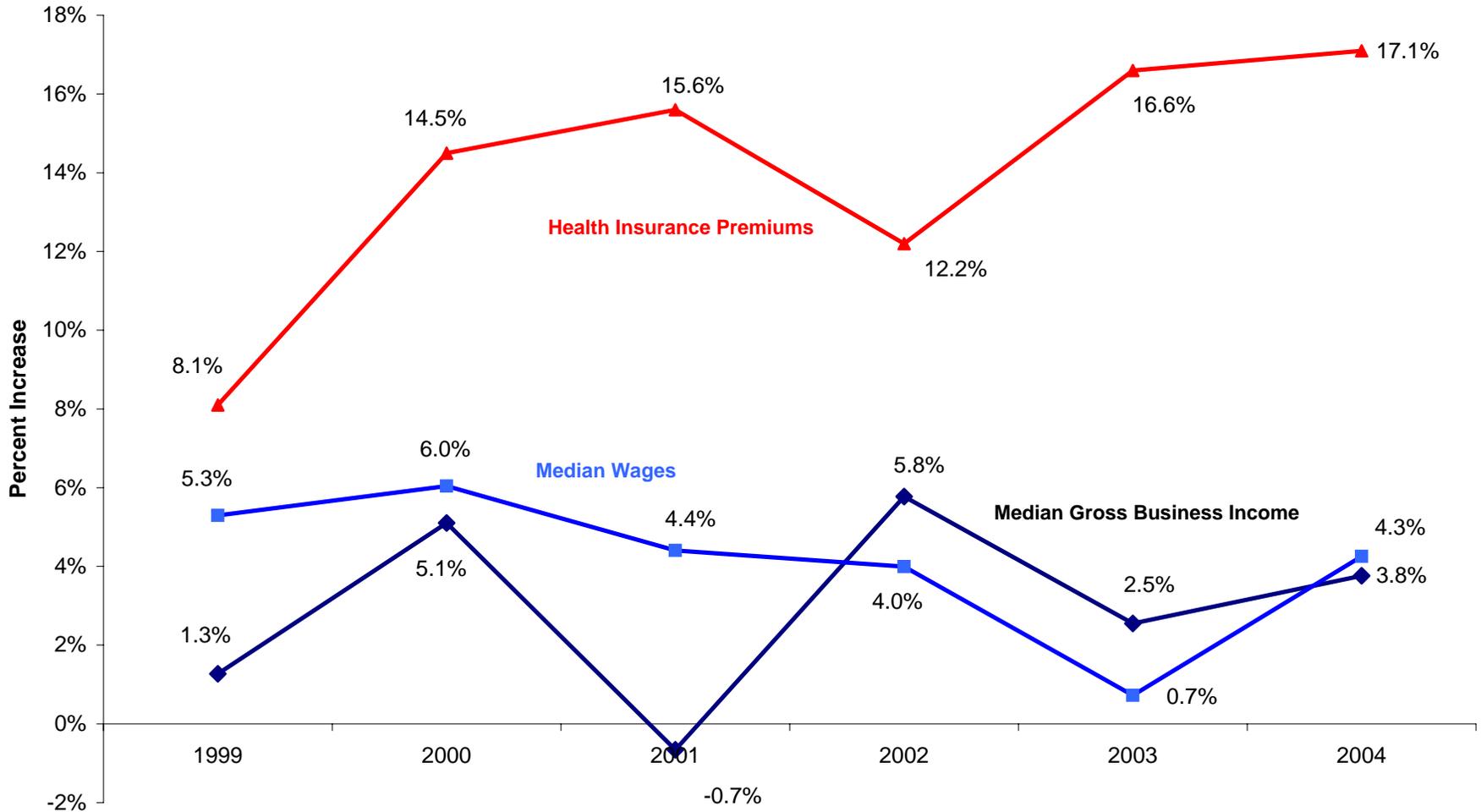
- WA State is spending more per employee for health benefits than large (500+) private sector employers in WA.

Action

- Improve the PEBB procurement strategy by:
 - Review Mix of plans
 - Plan design
 - Care Management
 - Eligibility
 - Data Warehouse
 - Benchmarking.
- Make sure state employee health care benefits are comparable and benchmark favorably to plans offered by other large employers in the State.

Data notes: Sources: 2002 & 2004 Mercer National Survey of Employer-Sponsored Health Plans. HCA Finance & Budget. Costs include medical, dental, Rx, and specialty benefits.

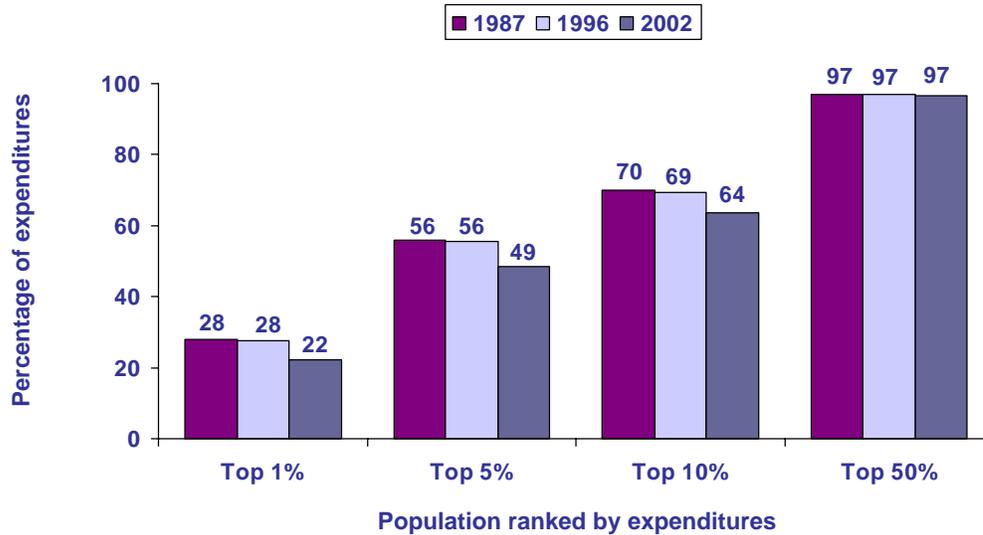
Washington Small Business: Increases in Health Insurance Premiums Compared to Workers' Earnings and Business Revenue



Source: Washington State ESD /DOR data bases, OIC small group market rate filings



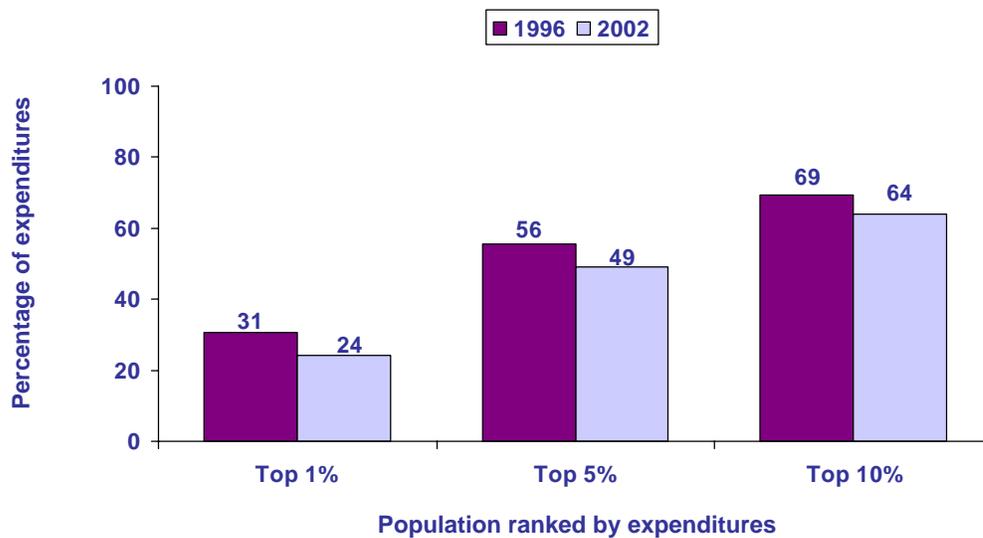
Figure 1. Concentration of health care expenditures in the U.S. civilian noninstitutionalized population



Source: Center for Financing, Access, and Cost Trends, AHRQ, National Medical Expenditure Survey, 1987, and Household Component of the Medical Expenditure Panel Survey, 1996 and 2002



Figure 2. Concentration of health care expenditures in the U.S. civilian noninstitutionalized population (age <65 years)

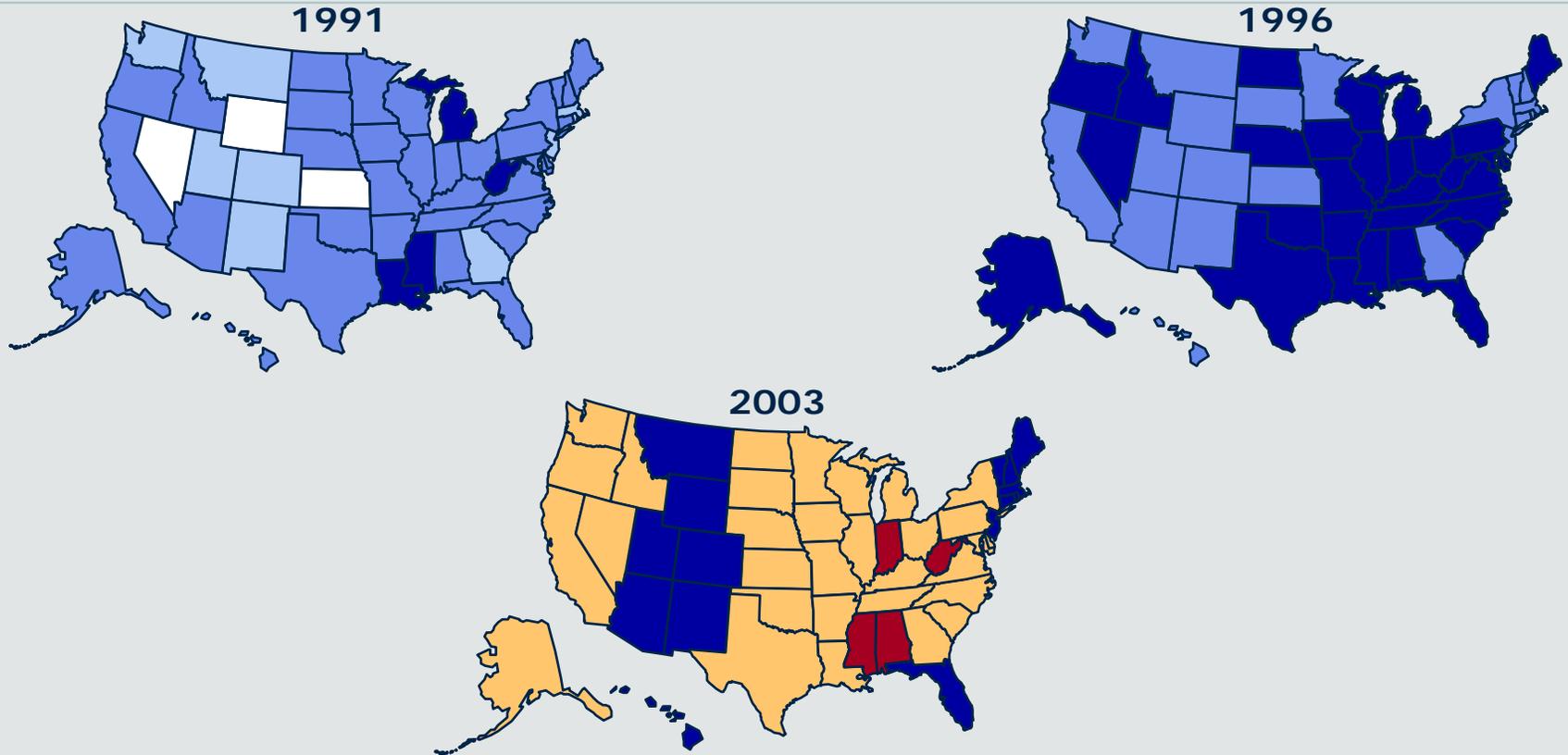


Source: Center for Financing, Access, and Cost Trends, AHRQ, Household Component of the Medical Expenditure Panel Survey, 1996 and 2002

Obesity Trends* Among U.S. Adults

BRFSS, 1991, 1996, 2003

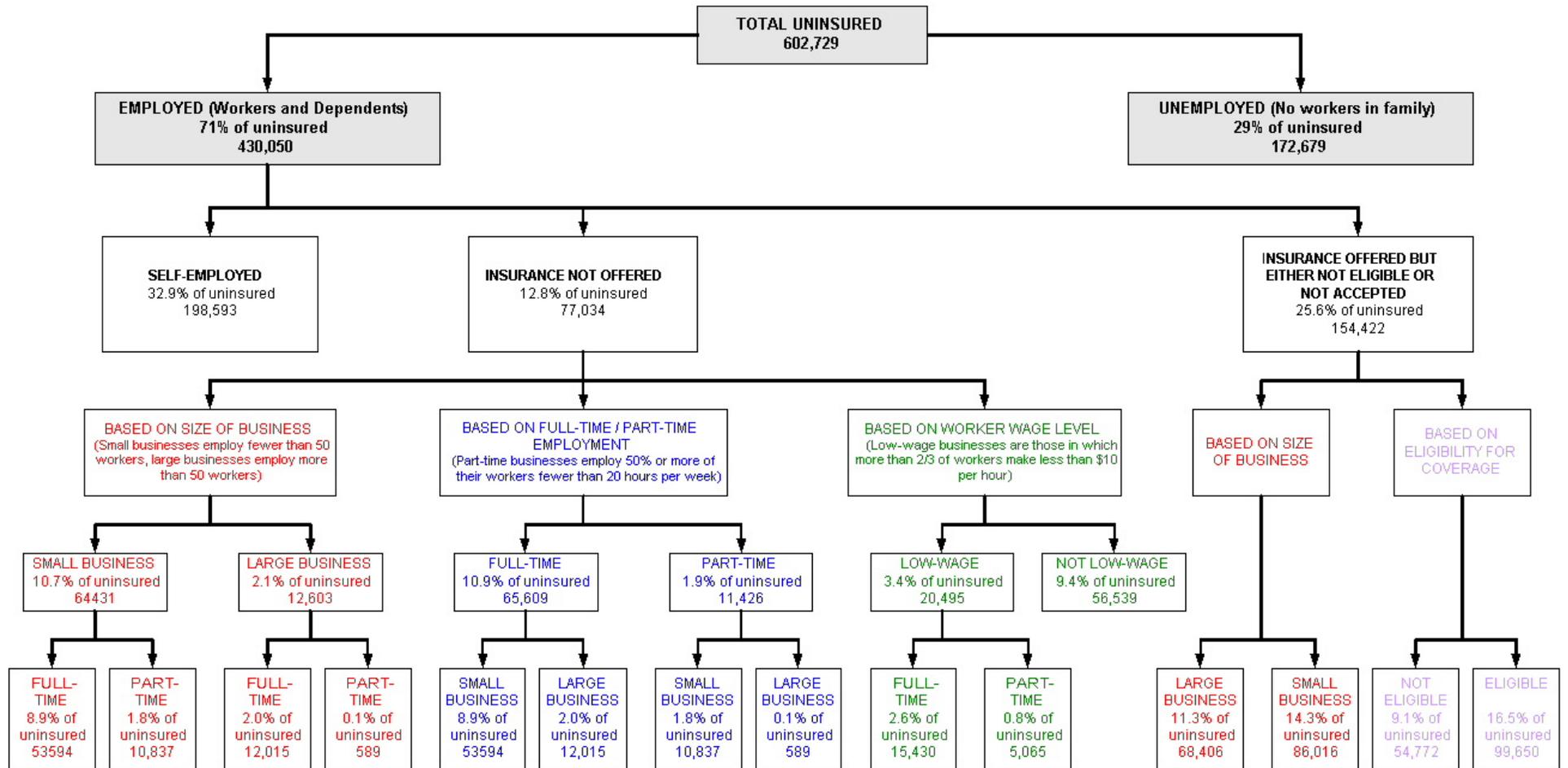
(*BMI ≥ 30 , or about 30 lbs overweight for 5'4" person)



Data %
Source: Behavioral Risk Factor Surveillance System, CDC.

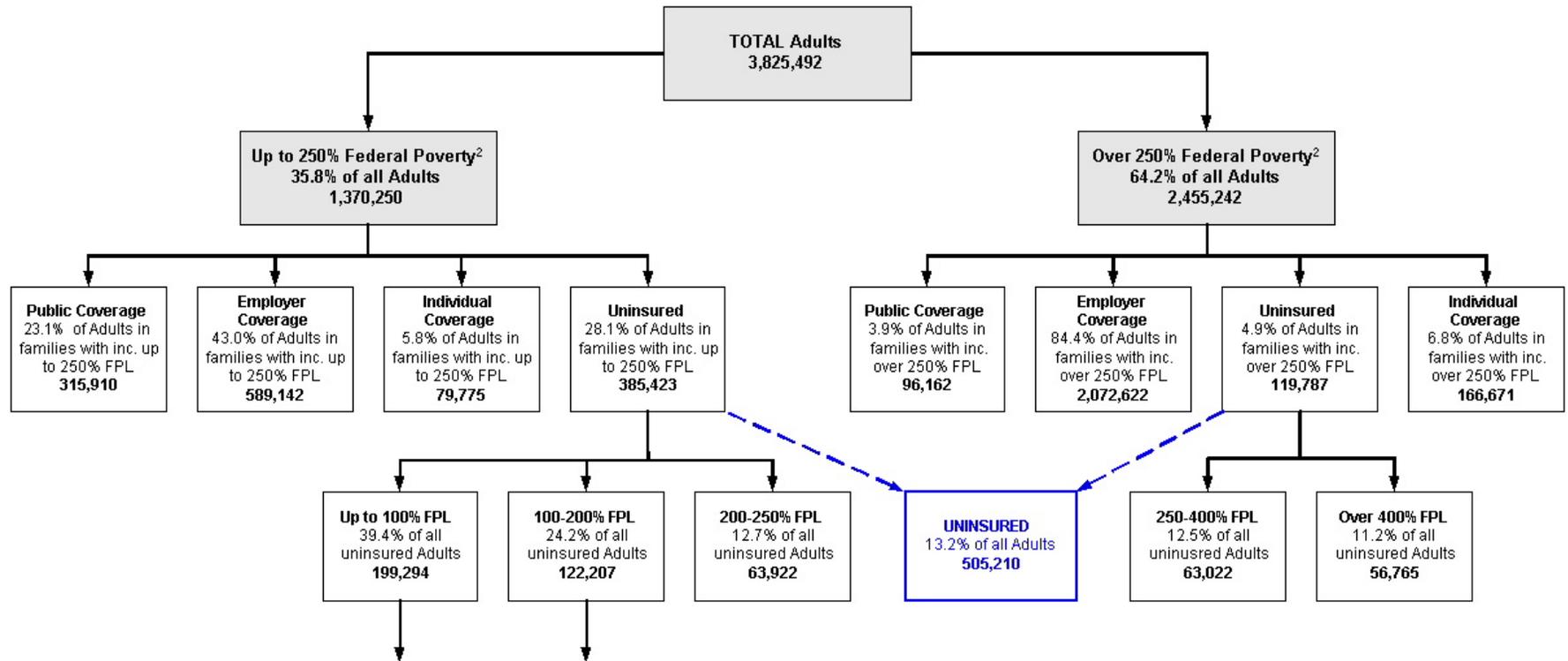
Access

WASHINGTON STATE PLANNING GRANT ON ACCESS TO HEALTH INSURANCE
 2004 Uninsured Population Under Age 65* - Distributed based on 2000 patterns



* Source: 1993, 1997 RWJF Employer Health Insurance Survey; 1998, 2000v1, 2004v3M Washington State Population Survey

**WASHINGTON STATE PLANNING GRANT ON ACCESS TO HEALTH INSURANCE
2004 Adults Age 19-64 Years ¹**



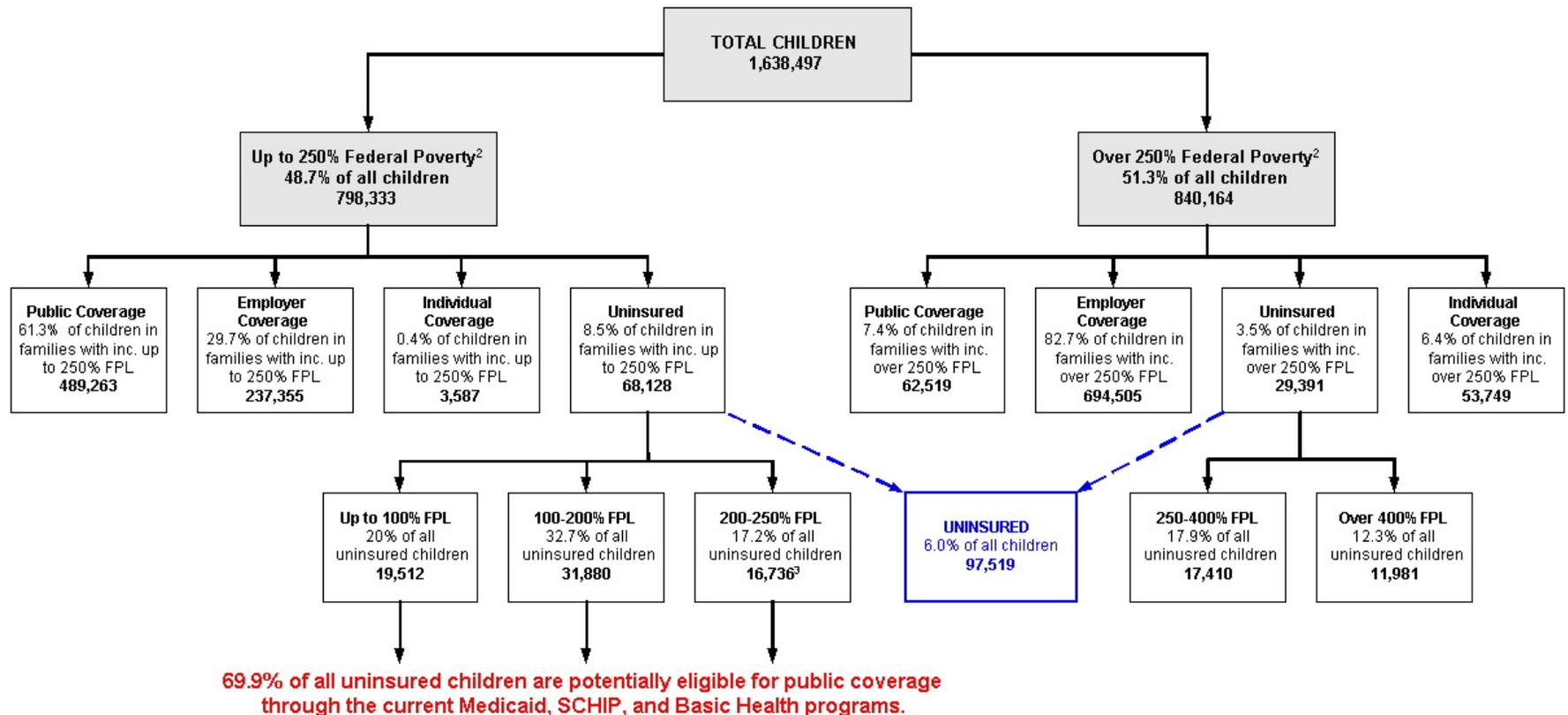
63.6% of all uninsured Adults are potentially eligible for public coverage through the current Medicaid and Basic Health programs.

¹ Source: 2004v3M Washington State Population Survey

² Poverty level for a family of four in 2004 was defined as \$18,850

For more information see the Department of Health and Human Services website <http://aspe.hhs.gov/poverty/figures-fed-req.shtml>

**WASHINGTON STATE PLANNING GRANT ON ACCESS TO HEALTH INSURANCE
2004 Children Age 0-18 Years ¹**



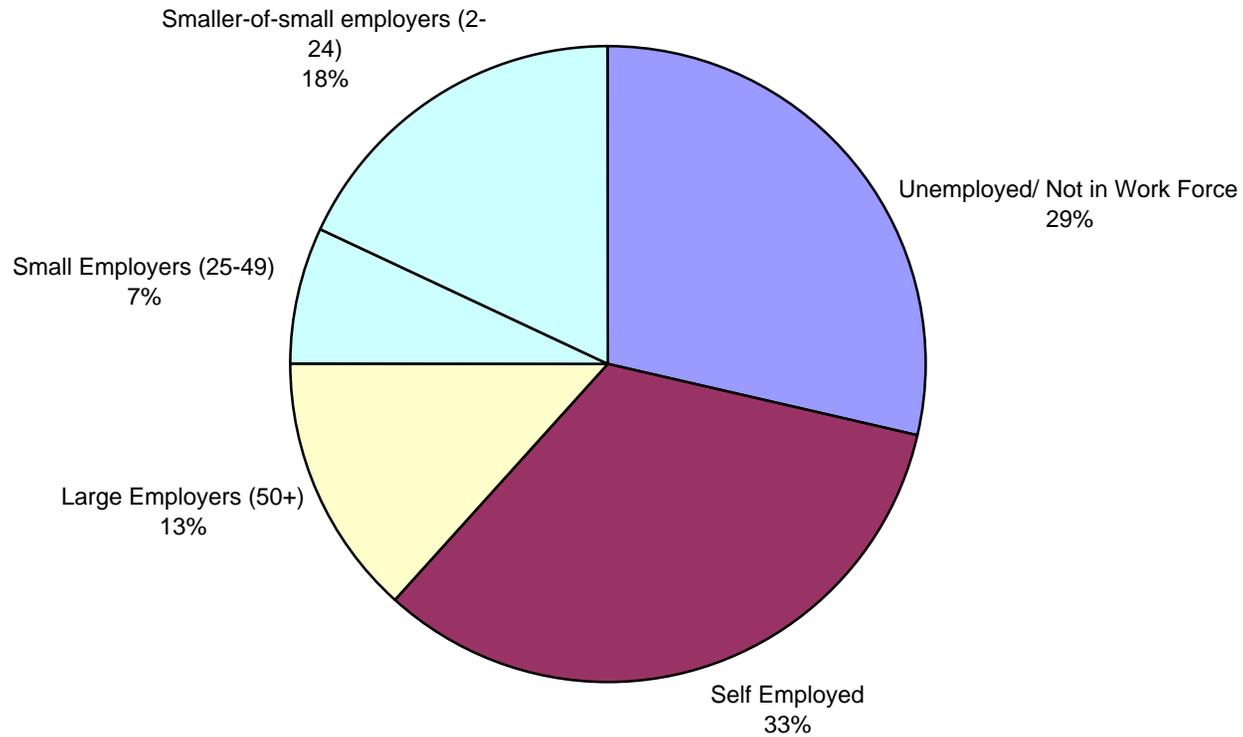
¹ Source: 2004v3M Washington State Population Survey

² Poverty level for a family of four in 2004 was defined as \$18,850

For more information see the Department of Health and Human Services website <http://aspe.hhs.gov/poverty/figures-fed-req.shtml>

³ Close to 400 children whose citizenship status is "unknown" may not be eligible for public coverage

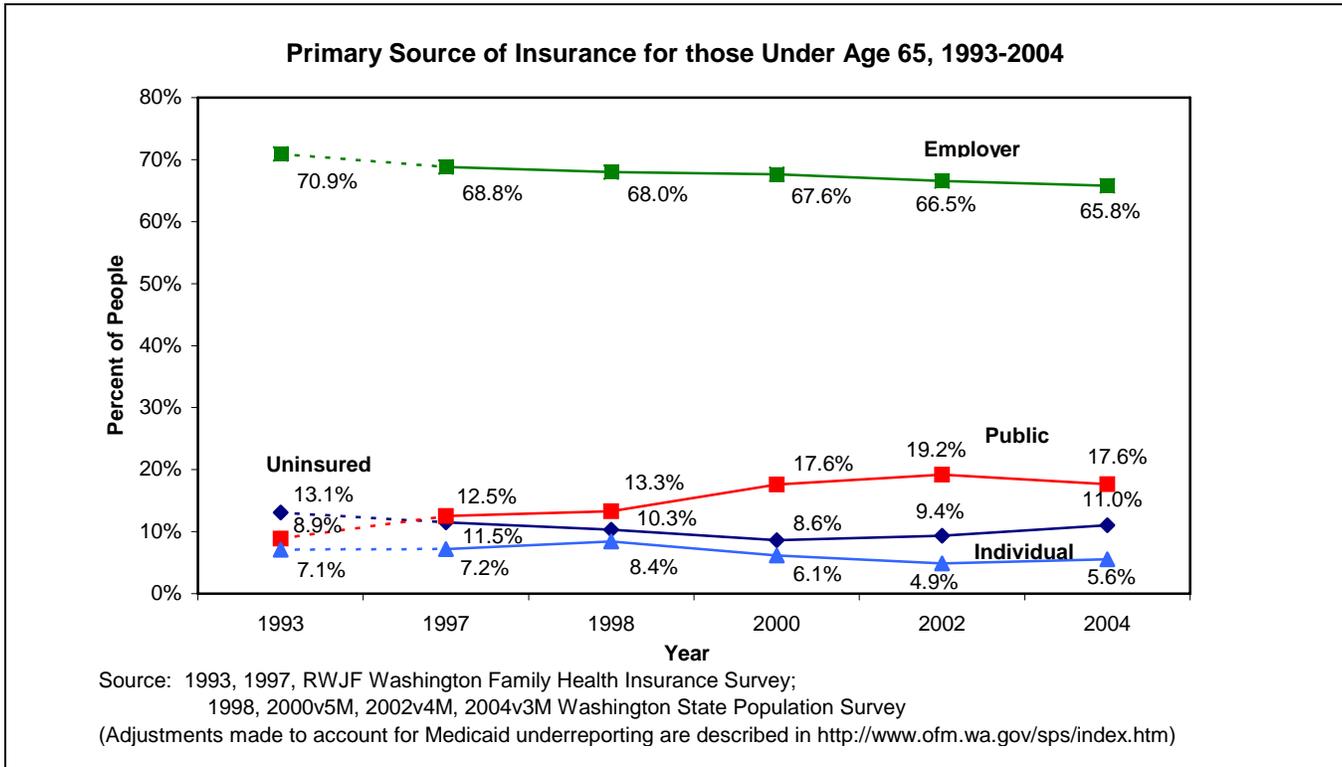
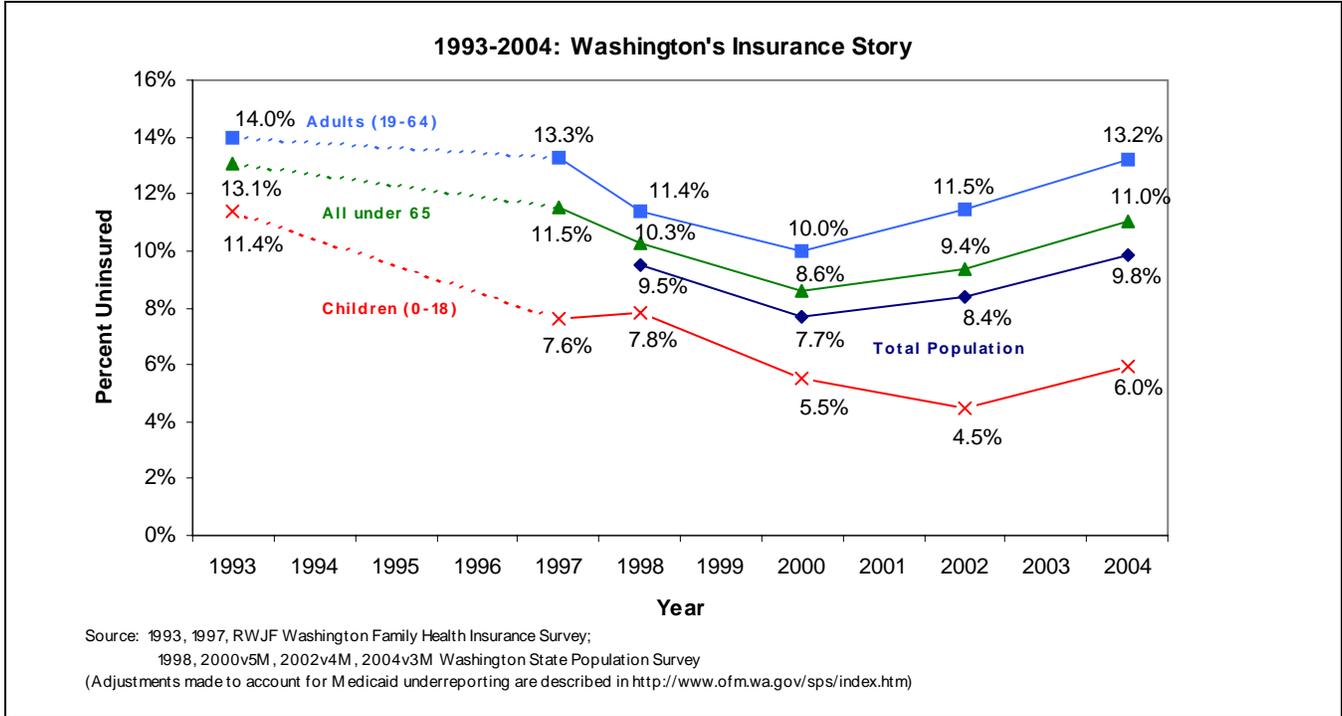
**Distribution of Washington Uninsured (0-64)
By Work Force Attachment (approx. 603,000 people)**



Source: State Planning Grant analysis of 1993, 1997, RWJF Washington Family Health Insurance Survey; 1998, 2000v5M, 2004v3M Washington State Population Survey

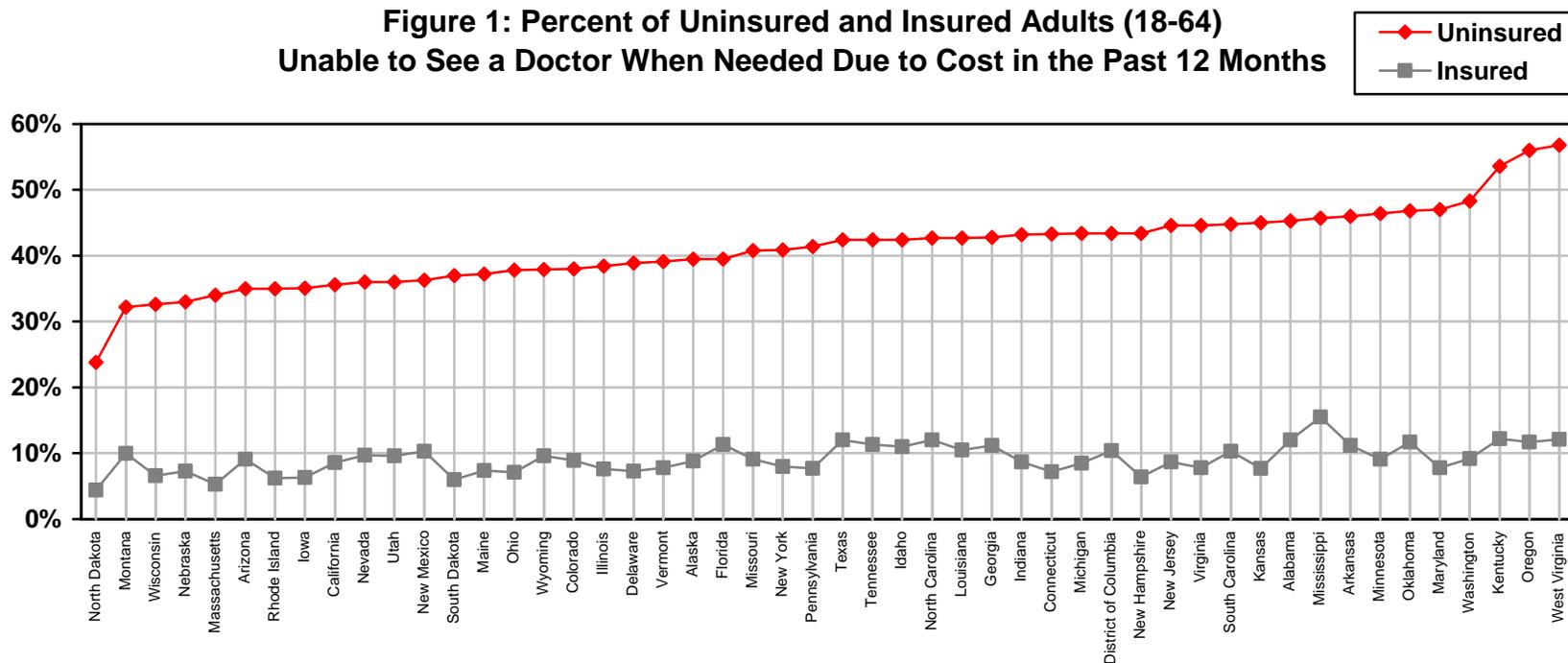
February 3, 2006

Overview of Washington's Insurance Coverage – 1993 to 2004



Uninsured adults are more likely to go without medical care than insured adults.

Figure 1: Percent of Uninsured and Insured Adults (18-64) Unable to See a Doctor When Needed Due to Cost in the Past 12 Months



Note: Wording of this question changed from 2002 BRFSS. These results are not directly comparable to 2002.

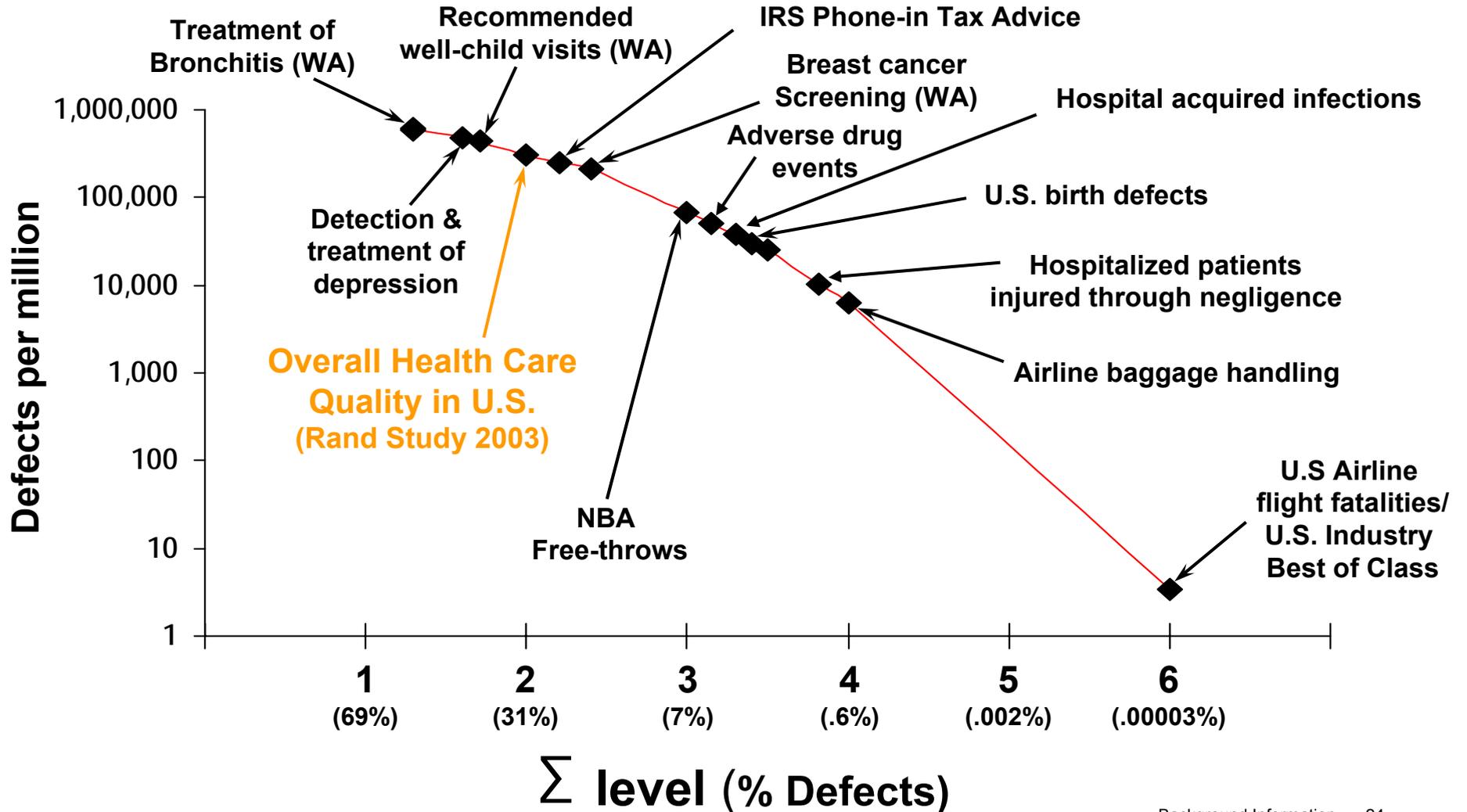
Source: Centers for Disease Control and Prevention (CDC), 2004 Behavioral Risk Factor Surveillance System survey data. National estimates for 2004 do not include Hawaii, because 2004 data were not available.

- Nationally, 41.1 percent of adults without health insurance coverage, compared to 9.2 percent of adults with health insurance coverage, were unable to see a doctor when needed due to cost in the past 12 months.
- Uninsured adults in Kentucky, Oregon, and West Virginia were less likely to see a doctor when needed than uninsured adults in North Dakota, Montana, Wisconsin, and Nebraska.
- The percent of insured adults unable to see a doctor due to cost is statistically less than the percent of uninsured adults unable to see a doctor due to cost in every state.

Quality

Health Care Quality Defects Occur at Alarming Rates

Sources: modified from C. Buck, GE; Dr. Sam Nussbaum, Wellpoint; Premera 2004 Quality Score Card; March of Dimes



Preventing Complications and Premature Death

Patients get recommended care only half of the time; consequences are avoidable.

Condition	Shortfall in Care	Avoidable Toll
<i>Diabetes</i>	Average blood sugar not measured for 24%	2,600 blind; 29,000 kidney failure
<i>Hypertension</i>	< 65% received indicated care	68,000 deaths
<i>Heart Attack</i>	39% to 55% didn't receive needed medications	37,000 deaths
<i>Pneumonia</i>	36% of elderly didn't receive vaccine	10,000 deaths
<i>Colorectal Cancer</i>	62% not screened	9,600 deaths

Source: Elizabeth McGlynn et al, RAND, 2004

Table 4: Population Health Quality by Selected Indicators: The U.S. and Other OECD Countries

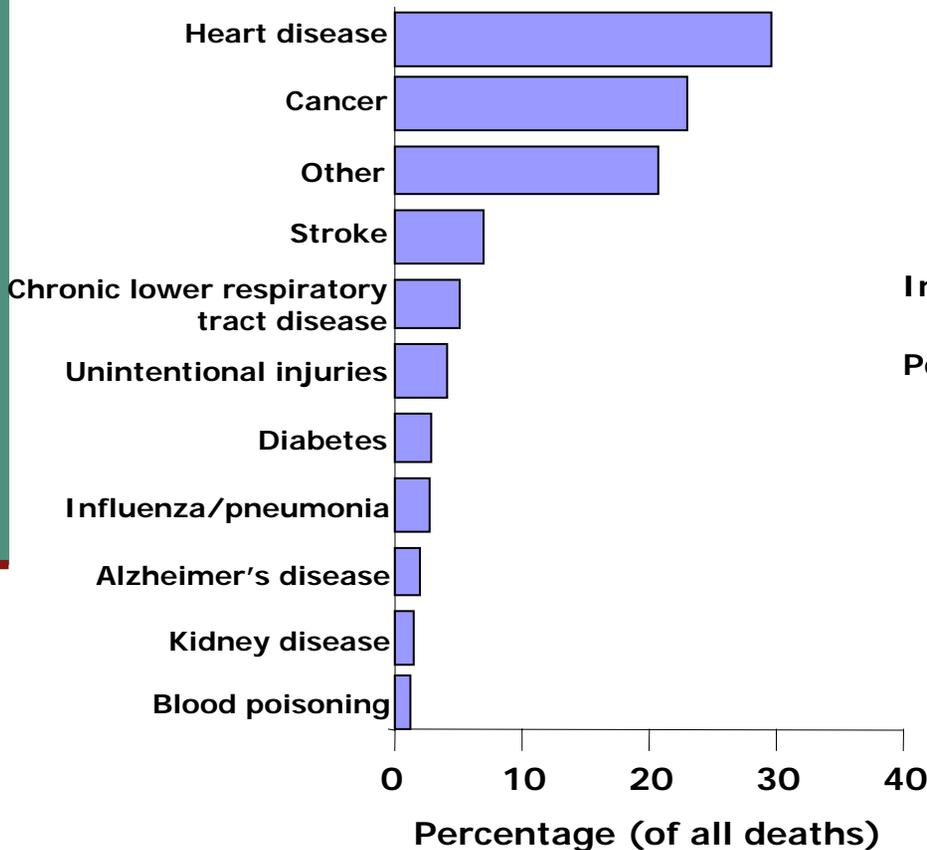
OECD Countries	2003 Life Expectancy (in years), Total Population at Birth		2003 Infant Mortality Rate, Deaths Per 1 000 Live Births		2002 Obesity, Percentage of Adult Population with a BMI>30 kg/m ²		Overall Rank	
	#	Rank	#	Rank	#	Rank	#	Rank
Japan	81.8	1	3	2	3.6	2	5	1
Switzerland	80.4	4	4.3	11	7.7	3	18	2
Norway	79.5	9	3.4	5	8.3	4	18	3
Iceland	80.6	2	2.4	1	12.4	15	18	4
Sweden	80.2	6	3.1	3	10.2	11	20	5
France	79.4	10	3.9	6	9.4	8	24	6
Italy	79.9	7	4.3	12	8.5	6	25	7
Spain	80.5	3	4.1	8	12.6	16	27	8
Finland	78.5	14	3.1	4	11.8	13	31	9
Austria	78.6	12	4.5	15	9.1	7	34	10
New Zealand	78.7	11	5.6	23	8.3	5	39	11
Netherlands	78.6	13	4.8	17	10	10	40	12
Belgium	78.1	18	4.3	13	11.7	12	43	13
Germany	78.4	16	4.2	10	12.9	18	44	14
Denmark	77.2	22	4.4	14	9.5	9	45	15
Australia	80.3	5	4.8	16	21.7	24	45	16
Portugal	77.3	21	4.1	9	12.8	17	47	17
Canada	79.7	8	5.4	22	13.9	20	50	18
Czech Republic	75.3	25	3.9	7	14.8	21	53	19
Luxembourg	78.2	17	4.9	19	17.3	22	58	20
Ireland	77.8	20	5.1	20	13	19	59	21
Greece	78.1	19	4.8	18	21.9	25	62	22
United Kingdom	78.5	15	5.3	21	22	26	62	23
Turkey	68.7	30	29	29	12	14	73	24
United States	77.2	23	7	24	30.6	29	76	25
Hungary	72.4	29	7.3	26	18.8	23	78	26
Slovak Republic	73.9	28	7.9	27	22.4	27	82	27
Mexico	74.9	26	20.1	28	24.2	28	82	28
Korea	76.9	24	*	*	3.2	1	*	*
Poland	74.7	27	7	25	*	*	*	*

* Data not available

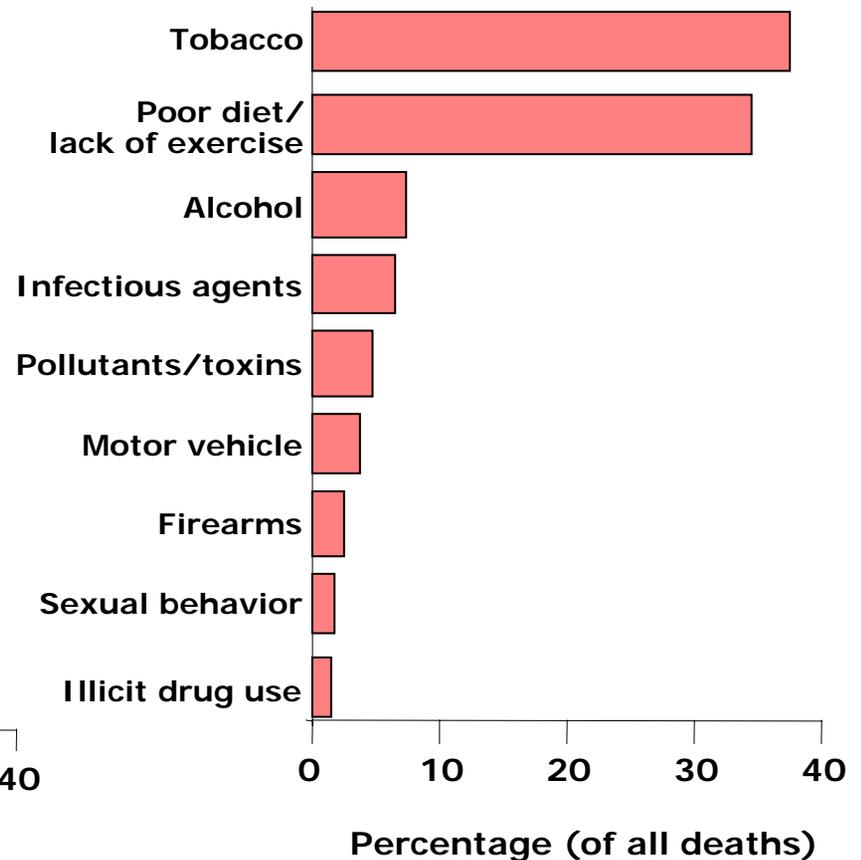
Source: OECD Health Data 2005

Causes of Death in U.S. - 2000

Leading Causes of Death

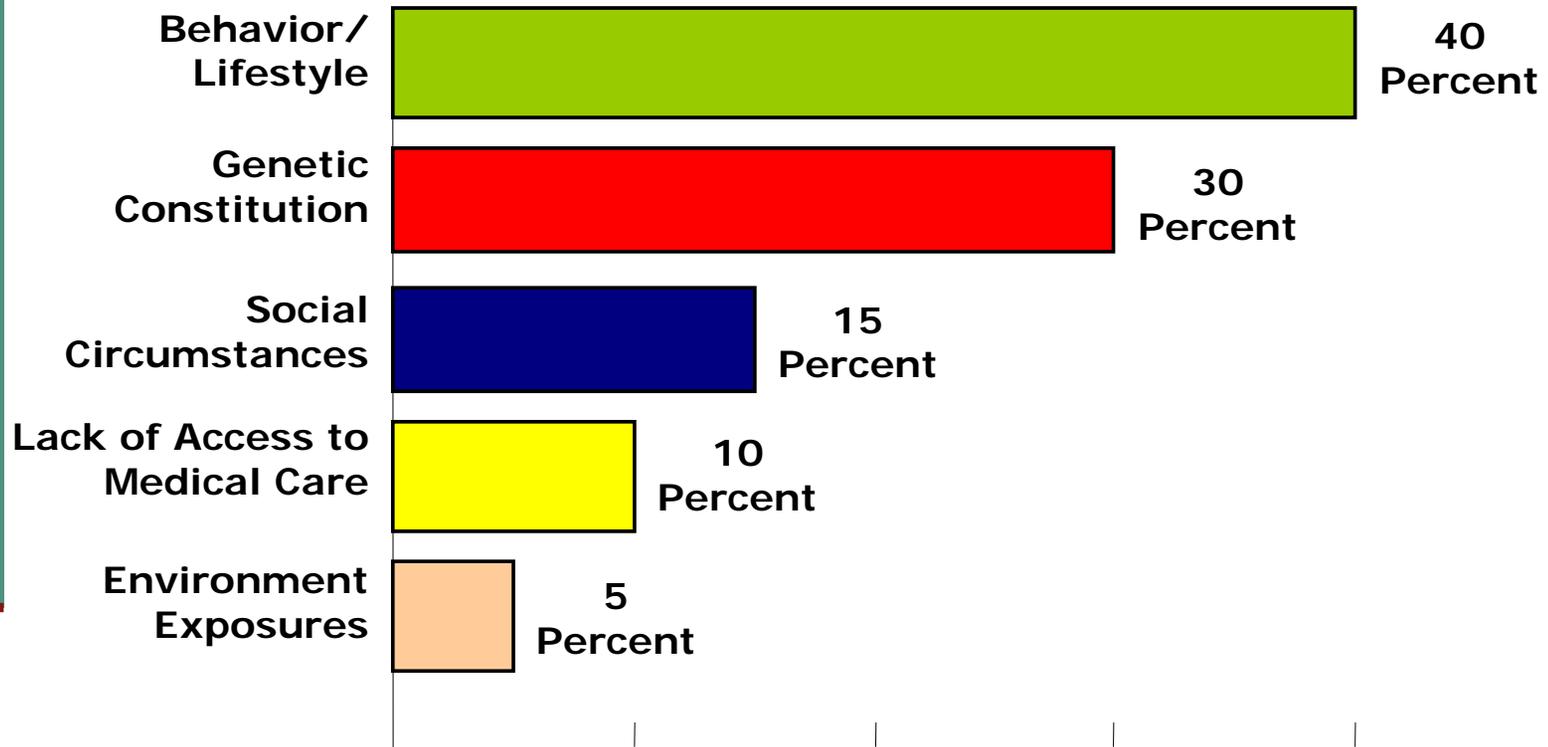


Actual Causes of Death



Source: "Actual Causes of Death in the United States, 2000," JAMA 291(10) 1238-1245 (March 10, 2004)

Causes of Death



Source: "The Case for More Active Policy Attention to Health Promotion," *Health Affairs* 21(2), 78-93, March/April 2002